

Message Text

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PAGE 01 SEOUL 02759 030053 Z

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ACTION SS-25

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 7610

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EXDIS

JOINT EMBASSY/ COMUSK MESSAGE

E. O. 11652: GDS

TAGS: MASS, KS

SUBJECT: FY 73-74 KOREAN MAP O& M LEVELS

SUMMARY: EMBASSY/ COMUSK RECOMMEND (A) THAT THE ROKG BE INFORMED OF THE REDUCED FY 74 O& M LEVEL AND (B) THAT WE EMPHASIZE TO ROKG THE NEED FOR ROKG PLANNING NOW TO ABSORB O & M BURDEN.

1. FY 73 MAP O& M LEVEL HAS NOW BEEN FIXED AT \$52 MILLION. BASED ON CURRENT PROGRAMMING, FY 74 O& M LEVEL WILL BE REDUCED TO \$35 MILLION.

2. IN THESE CIRCUMSTANCES BELIEVE IT IMPORTANT THAT MND AND ROKG ECONOMIC AGENCIES RECOGNIZE EARLY IN THEIR BUDGET CYCLE THAT FY 74 GRANT O& M LEVELS WILL BE SUBSTANTIALLY LOWER THAN THIS YEAR AND NO MORE THAN \$35 MILLION.

3. ALTHOUGH MND WORKING LEVELS APPEAR TO BE AWARE OF THE NEED TO INCREASE ROK O& M FUNDING, HIGHER LEVELS OF ROKG MAY NOT YET UNDERSTAND AND ACCEPT THAT REQUIREMENT. IN OUR VIEW ROKG HAS NOT PROVIDED SUFFICIENT O& M FUNDS IN 73 BUDGET. IN CONSTANT TERMS, CURRENT TOTAL DEFENSE BUDGET HAS NOT INCREASED OVER CY 72 BUDGET DESPITE MAP TRANSFER. FY 72 MAP O& M SHORTFALL, AND ADDITION OF ONE
SECRET

SECRET

PAGE 02 SEOUL 02759 030053 Z

DIVISION FROM VIETNAM TO IN- COUNTRY FORCES. FURTHER, ROKG HAS ALLOTTED ONLY \$16 MILLION IN FOREIGN EXCHANGE FOR TOTAL MATERIEL NEEDS OF CY 73 DEFENSE BUDGET DOWN FROM CY 72 ALLOCATION OF \$22 MILLION. ON PRESENT PROJECTIONS, ROK DEFENSE BURDEN IN CY 73 WILL BE ONLY 4.2 PERCENT OF GNP, DOWN FROM CY 72 LEVEL OF 4.5 PERCENT. GAO TEAM HERE IS ALSO FOCUSING ON THIS PROBLEM AND SHARP CRITICISM OF ROKG CAN BE EXPECTED FOR SHORTCHANGING OF O& M AS WELL AS EMBASSY/ USFK FOR FAILING TO SECURE GREATER ROKG O& M EXPENDITURE. GAO IS ASKING ALSO WHY WE SHOULD BE PROVIDING MORE INVESTMENT ITEMS WHEN THE ROKG DOES NOT APPEAR READY TO SUPPORT ADEQUATELY EQUIPMENT PRESENTLY IN THEIR HANDS.

4. MND WORKING LEVELS ARE AWARE OF CONTINUING DECLINE IN MAP GRANT O& M LEVELS AS WELL AS PROBABILITY THAT FY 74 LEVEL WILL BE LOWER THAN THIS YEAR'S \$52 MILLION. THERE IS INDICATION THAT AT THIS LEVEL OF ROKG THERE ARE THOSE ADVOCATING INCREASES IN CY 74 BUDGET FOR O& M AND DEFENSE FOREIGN EXCHANGE NEEDS. THERE IS NO CONCRETE KNOWLEDGE OF WHAT THESE LEVELS WILL BE OR WHETHER THEY WILL BE SUFFICIENT. FURTHER, IT IS NOT AT ALL CERTAIN HIGHER LEVELS IN ROKG ARE READY TO GIVE APPROPRIATE PRIORITY TO DEFENSE NEEDS IN THEIR OWN ECONOMIC DECISIONS.

5. IN THIS SITUATION, BELIEVE WE SHOULD APPROACH ROKG ALONG FOLLOWING LINES:

A. CLARIFY THAT FY 74 O& M LEVEL WILL BE NO MORE THAN \$35 MILLION, POINTING OUT THAT EVEN THIS IS ONLY A PLANNING FIGURE, NOT A FIRM FIGURE NOR A COMMITMENT IN ABSENCE OF CONGRESSIONAL ACTION.

B. ENCOURAGE ROKG TO BEGIN PLANNING NOW TO ABSORB ADDITIONAL O& M BURDEN. AT SAME TIME INDICATE JUSMAG READINESS TO ASSIST IN THIS PLANNING. INDICATE ALSO THAT SUCH PLANNING SHOULD INCLUDE CONSIDERATION OF A SUPPLEMENTAL DEFENSE BUDGET REQUEST IN CY 73.

C. STRESS THAT ROKG FAILURE TO PICK UP O& M BURDEN WILL DIMINISH THE WILLINGNESS OF CONGRESS AND OTHERS TO
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PAGE 03 SEOUL 02759 030053 Z

PROVIDE UNDER MAP MILITARY EQUIPMENT WHICH CANNOT BE MAINTAINED PROPERLY FOR LACK OF ROK BUDGETED FUNDS.

6. REQUEST AUTHORITY TO PROCEED ALONG ABOVE LINES.
UNDERHILL

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